



HOUSE BUDGET COMMITTEE

DEMOCRATIC CAUCUS

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The Democratic Budget Beats the Republican Budget on All Counts

- **Democrats Put Medicare and Social Security Before Tax Cuts** — The Republican budget includes exploding tax cuts *whether or not* Medicare and Social Security legislation is enacted. The Democrats say that *no* net tax cuts or net spending increases can occur until legislation extending the solvency of Medicare 12 years and Social Security 18 years (to 2050) is first enacted. The Democrats' net tax cuts and program increases, discussed below, are *all* contingent upon Medicare and Social Security reform.
- **Democrats Extend the Solvency of Medicare and Social Security** — As part of Medicare and Social Security reform, the Democratic budget transfers additional amounts from the general fund to the Medicare Part A and Social Security trust funds, extending their solvency by 12 and 18 years respectively, as confirmed in writing by the actuaries. The Republican budget makes no additional transfers, and therefore does not extend the life of the trust funds a single day.

		<u>Medicare Part A</u>	<u>Social Security</u>
Extends solvency:	Democrats:	12 years	18 years
	Republicans:	0 years	0 years
Trust fund increases	Democrats:	\$397 billion	\$3,358 billion
over 10 years:	Republicans:	\$ 14 billion	\$1,777 billion

- **Democrats Reduce Debt More** — \$8 billion more over five years, \$146 billion more over ten, and \$474 billion more over fifteen. This is because the Democrats' combined tax cuts and budget increases are less than the Republicans' tax cuts. Those who think that transfers are not an answer nevertheless agree that greater debt reduction is exactly what's needed for Medicare and Social Security.

- **Democrats' Have More Realistic Tax Cuts** — The Republican tax cuts explode: \$143 billion over five years, \$779 billion over ten, and a minimum of \$1,790 billion over fifteen. The Democrats' tax cuts net to \$40 billion over five years, \$117 billion over ten, and \$205 billion over fifteen.
- **Democrats' Tax Cuts Are Targeted** — The Republican tax cuts are very likely to be regressive. The Democratic tax cuts can accommodate the Patients' Bill of Rights Act, school construction and modernization, child care, long-term care, AMT relief, marriage penalty adjustments, "extenders" such as research & experimentation and work opportunity credits, environmental initiatives, and others.
- **Democrats' Program Levels Are Realistic** — The Republican budget *cuts* programs a net of \$181 billion over ten years and a minimum of \$581 billion over fifteen. And these cuts are measured relative to the existing caps, which are already tight and get even tighter by 2002. The Democratic budget adds \$120 billion over five years, starting in 2001. It adds \$350 billion over ten years, and \$616 billion over fifteen years.
- **Democrats Protect Non-Defense Discretionary Programs** — The Republican budget cuts non-defense discretionary programs about \$11 billion below the 2000 cap in 2001, and then freezes non-defense discretionary spending, with no inflation adjustments, for another 8 years. The Democratic budget provides modest increases, eventually enough to cover inflation and allow a small amount of real growth.

As a result, the Democrats have far more than the Republicans for non-defense discretionary programs: \$105 billion more in budget authority over five years, \$445 billion more over ten. These differences are mostly a reflection of unrealistically deep Republican cuts, since the Democratic budget has very modest growth and starts from a quite constrained level. For example, the Democrats provide more funding than the Republicans in such key areas as —

	<u>over 5 years</u>	<u>over 10 years</u>
✓ Health (including NIH)	\$16 billion	\$71 billion
✓ Education	\$10	\$51
✓ Veterans	\$10	\$41
✓ Environment	\$9	\$37
✓ Science and Space	\$4	\$35
✓ Law enforcement	\$3	\$35
✓ Housing and WIC	\$12	\$27
✓ Agriculture	\$4	\$20
✓ Transportation	\$6	\$19

- **Democrats Include Some Mandatory Initiatives** — The Republicans include a temporary crop insurance initiative (2001-2004), unconditionally give the federal share of tobacco payments to the States, and allow Temporary Assistance for Needy Families (TANF) block grants to be diverted to state education departments. The Democrats include, among other initiatives —
 - ✓ *permanent* crop insurance reform,
 - ✓ the Medicare buy-in,
 - ✓ a portion of the child care initiative,
 - ✓ the “back-to-work” initiative for the disabled,
 - ✓ restoration of some benefits for legal immigrants,
 - ✓ the welfare-to-work program,
 - ✓ Superfund “orphan shares,”
 - ✓ empowerment zones,
 - ✓ the food stamp excess shelter deduction.
- **Defense** — The Democrats are below the Republicans over the first five years and match the President. But they are above the Republicans over the following five years, when the Republicans slap on a hard freeze, and over the entire 10-year period. The Democratic budget includes the President’s higher-than-baseline pay raises for civilian and military employees, pay table reform, and a repeal of REDUX; the Republican budget has none of those features.